

~~RESTRICTED~~  
SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

19 January 1953

STAFF MEMORANDUM NO. **113**

SUBJECT: Stalin's Agricultural Policy

DOCUMENT NO. 13  
NO CHANGE IN CLASS. ☒ 25X1  
DECLASSIFIED  
CLASS. CHANGED TO: TS S C

1. In his article in the September issue of Bolshevik, Stalin discussed at length several economic problems facing the Kremlin and made certain recommendations for their solution. His recommendations concerning the Soviet agricultural system are of particular importance because of the light they throw upon the future of Soviet agriculture and upon the Kremlin's estimate of the world situation.

STALIN'S RECOMMENDATIONS FOR SOVIET AGRICULTURE

2. Briefly, Stalin asserted that the private sector of Soviet agriculture and the free kolkhoz market are now hindering the development of greater agricultural productivity and will become obstacles to Soviet agricultural progress. He was referring to the private property of collective farm households (their personal land, livestock, and poultry) and to the free marketing of the produce raised by these households. This marketing supplements the official (State and cooperative) retail trade network, and is an important source of meat, dairy products, and vegetables for the urban population and an important source of income for the peasants. Stalin proposed that these obstacles be removed by gradually transforming all kolkhoz property into State property and by gradually introducing product exchanges in place of the kolkhoz market. Stalin claimed that the program for replacing the kolkhoz market by product exchanges had already been adopted successfully in the cotton-growing, flax-growing, and sugar beet-raising areas, and he recommended that it be introduced in the main grain-growing regions. Stalin and other speakers at the XIXth Party Congress, probably recalling the catastrophic events of the initial period of forced collectivization, warned against undue haste in the pursuit of this program. He made his proposal contingent upon a great increase in consumer goods output, and asserted that the new system would be advantageous to the peasants because they would receive more goods at lower prices than under the present kolkhoz market system.

3. Stalin's proposals presage an agricultural reorganization of major proportions and constitute an official declaration of war against the private sector of Soviet agriculture. However, rather than risk the consequences of a frontal attack upon the private sector, the regime will apparently adopt an indirect approach by directing its attack against the main sales outlet for the produce of the private sector, the kolkhoz market. If the attack on the kolkhoz market is successful, the private sector of Soviet agriculture will thereby be strangled.

PRIVATE PROPERTY: THE PRICE OF STABILITY AND PRODUCTIVITY IN THE COUNTRYSIDE

4. The magnitude of the task posed by Stalin's proposals is clear in the light of Soviet agricultural history. The kolkhoz system since its inception has been marked by struggle between the regime and the peasants. A temporary truce was reached in the 1930's when the regime granted the peasants the rights to own household property and to sell the produce grown on this property on the kolkhoz market at uncontrolled prices. These rights have been the price the regime has had to pay for stability and productivity in the countryside.

5. The frequent violations of this truce, both by the peasants and by the regime, attest to the strength of the forces involved. On the part of the peasants, millions of acres of kolkhoz land were illegally appropriated for personal use before, during, and after World War II. The regime has regularly charged that the household plots of land threaten to become the peasants' major undertakings. On the part of the regime, extensive efforts have been made to increase the amount of time the peasants must work on the State sector of kolkhoz land. In 1950 an effort was made, but immediately discontinued, to merge the kolkhozes and integrate the peasant villages into larger consolidated settlements. This effort threatened — in fact if not in official propaganda — to uproot the peasants from their ancestral farmsteads and to abolish their household plots. The merger aspect of this scheme has been pushed since 1950 and there are now 97,000 kolkhozes instead of the 254,000 in 1950. However, the changes thus far have been primarily administrative; actual physical unification of kolkhozes has not been effected. What is significant is that these changes have increased the control of the regime over the countryside, while leaving intact the kolkhoz structure with its peasant household plots.

6. The survival of private property and free marketing in Soviet agriculture is the product of peasant initiative and economic necessity. Returns for labor on the State sector of kolkhoz land are generally well below subsistence levels, and additional sources of income are required to balance the peasant household budget. The kolkhoz market provides a lucrative source of income for the peasants: official data for 1948 revealed that kolkhoz market prices were from fifteen to more than forty times higher than the prices paid the kolkhozes by State procurement agencies. The kolkhoz market is not only very profitable to the peasants, but it has

also been steadily growing in size. It now supplies roughly thirty percent of the agricultural produce consumed by the Soviet urban population. Moreover, despite the over-all increase of retail trade since the war, the expansion of the official retail trade network, and the regime's efforts to restrict the kolkhoz market, the volume of kolkhoz market trade has grown. The principal reason for its survival has been the inability of the regime to serve the urban food market through its official trade network.

7. The Kremlin almost certainly regards the existence of the private sector and the kolkhoz market as critical issues because they represent elements not under full State control. The existence of the kolkhoz market leads to wide price variations within and between regions. In view of the scope of this market, these price variations must trouble the planning authorities in the preparation of retail food prices. More important, the intensive cultivation of household plots by the peasants in order to meet the needs of the lucrative kolkhoz market adversely affects the organization of kolkhoz labor, the most crucial problem of Soviet agriculture. Intensive cultivation of the private sector has weakened kolkhoz labor discipline, contributed to the low productivity of Soviet agriculture, and tended to reduce the returns to the State from the kolkhozes. The regime is well aware of this situation, as the chronic complaints in the Soviet press and the post-war trend of agricultural legislation testify. (In my opinion, the recent removal from authority of former Politburo member Andreev, who since 1946 was responsible for kolkhoz affairs and who was criticized in 1950 in an unusual public debate, is pertinent. Andreev was the proponent of a "soft" policy in agriculture, a policy which supported the small unit of labor in kolkhozes. The Party charged that these small units, composed primarily of peasant households, developed individualistic tendencies and threatened to supplant the kolkhoz itself.) Moreover, full utilization of kolkhoz labor for State purposes has been enhanced by the slow post-war recovery of Soviet agriculture and by the unprecedented planned increase over 1950 of more than fifty percent in total agricultural production scheduled in the new Five Year Plan. Agriculture has long been lagging in the Soviet economy, and an increase in agricultural productivity is sorely needed to meet the food requirements of the growing urban population and the raw material and manpower requirements of the expanding industrial sector.

---

1/ It is of interest that in his article in Foreign Affairs, January 1953, Professor Mosely sees a "real possibility that Soviet industry now rests on an inadequate agricultural base, especially in terms of basic foodstuffs." This is in marked contrast to our highly optimistic intelligence estimates on the capabilities of Soviet agriculture.

8. The Kremlin will almost certainly encounter obstacles to its plan to strangle the private sector of Soviet agriculture by substituting a system of product exchange for the kolkhoz market. Stalin's emphasis upon the advantages of the "new" system to the peasants in kolkhozes raising industrial crops deliberately obscured the fact that the kolkhoz market has been relatively unimportant in these areas. The kolkhozes raising industrial crops have always depended upon the State for their supply of foodstuffs and consumer goods, because the crops they raise require processing and have but one market, the State. Therefore, the crux of Stalin's proposal lies in the introduction of the product exchange system in the main grain-growing regions. It should be recalled, however, that the "new" system (otovarivanie) was tried unsuccessfully in these regions during 1918-1921 and again under the first Five Year Plan. The disadvantages of the system to the peasants were, in large part, the reason the decline in grain production at the time, and the system was replaced by the kolkhoz market in the spring of 1932. Stalin has pointed out that the system of product exchange will be advantageous to the peasants once the great future increases in consumer goods have occurred, but the fact is that a rise in the output of those consumer goods that count in Soviet society is in large part dependent upon an increase in agricultural output. Moreover, with the regime determining the terms of trade under the product exchange system, the chances are slim that the peasant would profit as much as under free marketing. In sum, if Soviet agricultural history is a valid guide, as I believe it is, it suggests that the regime will almost certainly have to bank on its traditional instruments of "persuasion" to effect Stalin's agricultural policy. The consequences of such a policy over the long-run are difficult to estimate, but such a policy would almost certainly adversely affect both peasant morale and agricultural output over the short-run.

9. Despite the strength of the issues and forces involved, the Kremlin apparently is prepared to run the risk of short-run dislocation of the agricultural economy in order to gain greater control over the peasants and to increase the State's share of the agricultural pie. There are indications in the new Five Year Plan that the regime plans further restriction of the private sector and the kolkhoz market. The fourth Five Year Plan preserved the kolkhoz market in full and even made specific provision for its expansion, but the new Plan does not mention the kolkhoz market and instead emphasizes plans for strengthening the State sector of agriculture. The planned expansion of the official retail trade network in the new Plan and the planned increase by seventy percent over 1950 of goods distribution through this network may be designed to squeeze the kolkhoz market out of business. Moreover, the goals for animal husbandry in the new Plan indicate that an absolute decline is scheduled for privately-held livestock, one of the most important sources of kolkhoz market foodstuffs. These then are the straws

~~RESTRICTED~~

in the wind suggesting the present direction of Soviet agricultural policy.

10. There are, I believe, stronger reasons for taking Stalin's remarks on Soviet agriculture seriously. In the first place, he was under no compulsion to utter anything on this subject. Stalin is not a dilettante in abstract rhetoric; his dicta always carry political purpose. His choice of timing for the appearance of the article, on the eve of the Party Congress, suggests that his purpose was to maximize domestic attention on a concrete national problem and to set forth Party and State policy on the matter. Second, Stalin's remarks carry all the force and authority of an utterance ex cathedra for Soviet officialdom, and hereafter they will determine the categories of thought and action for the State planners and administrators. Lastly, Stalin's remarks highlight the delicate and difficult problem of interpreting the relationship between policy and action in a totalitarian State. Stalin cautioned against undue haste and emphasized the gradual introduction of the new policy. However, Stalin's present caution is identical with that he manifested on the eve of collectivization when in his report to the XVth Party Congress in 1927 he stressed the need to collectivize "by example and persuasion." In that earlier period the lower echelons in the bureaucracy pushed collectivization allegedly at a faster pace than the regime desired; with the regime in a stronger position vis a vis the peasants, history may repeat itself. The dynamics of Soviet totalitarianism suggest that ambitious, power-oriented bureaucrats often attempt to realize the will of charismatic authority prematurely.

#### SIGNIFICANCE OF STALIN'S AGRICULTURAL POLICY

11. Stalin's proposal for agriculture and fragmentary evidence in the new Five Year Plan supporting these proposals suggest that the Kremlin is planning a major reorganization of Soviet agriculture involving an attack on the kolkhoz market and, through it, the private sector of agriculture. The timing and intensity of the attack will depend, of course, upon the Kremlin's estimate of the opposing issues and forces, but it appears almost certain that the Kremlin will have to rely on its traditional instruments of compulsion if it decides to push the program to conclusion. It should be noted, however, that Stalin has manifested caution in making his recommendations, and that in the past he has shown no compunction to retreat in the face of strong opposition.

12. The initiation of Stalin's agricultural policy and the almost certain adverse consequences it would have on peasant morale and agricultural production over the short-run suggest that the Kremlin probably does not expect to become involved in global war within the near future. The tempo at which the Kremlin decides to push the new agricultural program should constitute a firm indicator of Kremlin intentions in the international sphere.

25X1

~~RESTRICTED~~